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Pakistan, Iran move to boost border trade, connectivity

Jam Kamal pushes for deeper regional engagement, new border markets and revival of business council

By Mubarak Zeb Khan

ISLAMABAD: In a bid to deepen economic cooperation and uplift marginalised border communities, Commerce Minister Jam Kamal has proposed a series of high-level bilateral visits to strengthen cross-border trade and infrastructure ties with Iran.

The minister floated the proposal during a meeting with Iranian Ambassador Reza Amiri-Moghaddam on Saturday, during which both sides discussed measures to expand trade, improve connectivity, and build on existing cooperation mechanisms.

According to an official statement, Mr Kamal suggested arranging high-level exchanges — including visits by Balochistan Chief Minister Sarfraz Bugti and the Governor of Zahedan — to advance regional engagement. He also recommended that Pakistani ministers responsible for maritime affairs, railways, and communications visit Tehran to explore sectoral collaboration with their Iranian counterparts.

Ambassador Amiri-Moghaddam briefed the minister on the progress of trade arrangements, recalling earlier agreements covering imports of 400,000 tonnes of rice, 300,000 tonnes of meat, 200,000 tonnes of maise and 50,000 tonnes of animal feed. He said Iran had completed rice imports and was now preparing to purchase animal feed and maise from Pakistan.

The commerce minister thanked the ambassador for recognising Pakistan's recent amendments to the barter trade mechanism under a statutory regulatory order (SRO), which have streamlined bilateral trade procedures.

Mr Kamal informed the envoy that the draft of the Pakistan-Iran Free Trade Agreement (FTA), signed earlier in Islamabad, is under internal review and will soon be presented for formal approval. The Iranian envoy welcomed the update and noted the resumption of flights between Quetta and Zahedan, which has enhanced people-to-people and trade connectivity.

The meeting also reviewed ongoing initiatives, trade agreements and opportunities to further strengthen economic ties between the two neighbours.

The commerce minister invited Iranian companies and state-owned entities to participate in the FoodAg Exhibition 2025, to be held at the Karachi Expo Centre from Nov 25 to 27. He said the event would offer a platform for businesses from both countries to explore investment and joint ventures in the agri-food sector.

Mr Kamal said the Ministry of Commerce, in coordination with domestic stakeholders including the Federal Board of Revenue and the Ministry of Communications, was addressing operational issues faced by Iranian transporters entering Pakistan.

He also called for the reactivation of the Pakistan-Iran Joint Business Council to strengthen business-to-business engagement and promote private-sector partnerships.

Highlighting progress on border trade facilitation, the minister welcomed the reactivation of the Mand-Pishin Joint Border Market on July 30 and urged the swift operationalisation of two other planned markets at Chegdi-Kouhak and Gabd-Reemdan.

He stressed the need to reduce non-tariff barriers by enhancing collaboration between the National Plant Protection Organisations and the quarantine agencies of both countries, thereby expediting the movement of agricultural goods across the border.

Mr Kamal underscored that recent engagement between Islamabad and Tehran has laid the groundwork for more sustained and inclusive economic cooperation, saying the two countries are poised to benefit from shared initiatives in trade, logistics and regional connectivity.

Tax net expands with 892,000 new filers

PM Shehbaz links surge in new returns to FBR digitisation drive

By Our Staff Reporter

ISLAMABAD: Prime Minister Shehbaz Sharif has linked the filing of 892,419 new tax returns for the tax year 2025 to rising public confidence in the government's reform agenda.

The premier's remarks followed the Federal Board of Revenue's announcement that the tax department received 5.912 million tax returns for tax year 2025, up from 5.025m returns in tax year 2024, marking a 17.65 per cent increase. The last date for filing the tax returns was Oct 31.

An official announcement issued by the Prime Minister's Secretariat has commended the FBR for achieving a historic milestone. He expressed deep gratitude to the public for demonstrating civic responsibility and trust in the government's economic policies.

Highlighting the inclusion of new filers into the tax net, Prime Minister Shehbaz said this surge reflects growing public confidence in the government's reform agenda. "We are sincerely thankful to the people for their support," he stated.

Mr Shehbaz attributed the positive outcomes to ongoing tax system reforms, calling them a blessing and a sign of progress.

He emphasised merit as the cornerstone of FBR's institutional culture, noting that capable and hardworking officers are being encouraged while underperformance is being actively discouraged.

Individual tax filings surge in FY25, with a sharp rise in returns accompanied by payments. The FBR recorded a significant uptick in individual tax filings for the year 2025, with the total number of returns reaching 5.805 million — an 18.18pc increase from the 4.912m filed in the previous year.

Of these, 3.599m returns were submitted along with tax payments, marking a 19pc rise compared to 3.024m paid filings in 2024.

The total tax revenue collected through these returns climbed to Rs69.02bn in FY25, up from Rs60.15bn the year before — reflecting a year-on-year growth of 10pc.

According to the announcement, the prime minister underscored his personal oversight of FBR's digitisation efforts, chairing weekly meetings to ensure transparency and efficiency.

He noted that tax filing procedures have been simplified, and automated clearance systems at ports have helped curb corruption and improve performance.

The government has launched a simplified tax return form in Urdu for salaried individuals to make tax filing easier.

To combat the informal economy, the government has expanded the use of point-of-sale systems, effectively reducing sales tax evasion.

The prime minister also pointed to a Rs9bn increase in tax revenue along with the filing of tax returns compared to the previous year as clear evidence of the success of FBR's reforms.

He reaffirmed the government's commitment to further reforming the FBR and pledged continued efforts to eliminate corruption and the shadow economy. "We are working day and night to ensure a fair and transparent fiscal system," he concluded.

GOLD prices have surged nearly 50 per cent over the past year, reaching $3,997 an ounce on October 31 after briefly touching $4,300, as central banks bought 244 tonnes in the first quarter of 2025 amid waning confidence in the dollar-backed system.—Reuters/file

Gold's surge erodes dollar's shine

Central banks shift reserves as yellow metal devalues dollar by 48pc in a year

By Shahid Iqbal

KARACHI: The relentless surge in global gold prices has weakened confidence in the US dollar, long considered the world's safest reserve currency, with analysts warning that the greenback's dominance in the international financial system is facing its strongest challenge in decades.

Over the past year, gold prices have climbed sharply from $2,700 per ounce in October 2024 to $3,997 per ounce on Oct 31 after briefly touching $4,300 earlier in the month. The rise means buyers now need about $1,300 more per ounce than a year ago — a shift that analysts say has effectively devalued the US dollar by nearly 48 per cent against gold.

While the dollar remains central to global trade and reserves, growing scepticism among central banks and investors has led to a historic accumulation of gold holdings. "Central banks are the new miners," said Faisal Mamsa, CEO of Tresmark, a currency tracking and research firm. "They bought 244 tonnes of gold in the first quarter alone of 2025 — about 800 tonnes annualised, nearly one-third of global mine output. Over 90pc plan to keep adding, quietly shifting reserves away from the US dollar. They're seeking insurance against a system they no longer fully trust."

Analysts say the move reflects growing unease over fiscal deficits, high debt levels, and persistently low real yields across advanced economies. Gold, they argue, is increasingly behaving like liquidity insurance rather than a speculative asset.

"The world's reserve currency looks less like a fortress and more like a glass palace," said Mr Mamsa. "When credibility weakens, gold strengthens — it's the oldest trade in finance."

The pressure on the dollar has been amplified by the rise of digital currencies, faster cross-border transactions, and the gradual internationalisation of the Chinese yuan, all of which have eroded the greenback's monopoly in global settlements.

Global mine production, meanwhile, has failed to keep pace with demand, expanding by just 1pc annually with no major new projects in the pipeline. "Supply can't keep up, and central banks are still buying near record pace," said Mr Mamsa.

Emerging and developing economies, however, risk being left behind in this shift. While India purchased around $12bn worth of gold in the past year, Pakistan remains absent from the buying trend, leaving its reserves vulnerable to dollar volatility.

The State Bank of Pakistan currently holds about $14.47bn in foreign exchange reserves — most of it in borrowed funds — while facing $25bn in external debt repayments in FY26, highlighting the fragility of its dollar position.

Market observers warn that a prolonged dollar depreciation could further strain economies dependent on foreign loans and imported inflation.

Gold's price trajectory also follows a historical cycle of long-term surges. In the 1970s, amid high inflation, it jumped from $35 to $850 per ounce — a 2,300pc rise. Between 2001 and 2011, prices climbed from $255 to $1,920, an increase of 650pc. In the current cycle, beginning in 2018, gold has risen from $1,160 to a peak of $4,397 in October 2025 — already a 280pc gain.

With central banks continuing to diversify and supply growth stagnating, analysts expect gold to remain a key hedge against uncertainty — and a persistent reminder of the dollar's waning lustre.

Bank profits rise despite weak private credit demand

High yields on govt papers lift earnings

By Our Staff Reporter

KARACHI: Banks continued to post strong profits in the third quarter of calendar year 2025, remaining the only sector with steady, low-risk earnings driven largely by government borrowing.

According to a report by Topline Securities issued on Friday, listed banks recorded a combined profit of Rs170bn in 3Q2025, reflecting an increase of 8pc year-on-year (YoY) and 2pc quarter-on-quarter (QoQ).

The banking sector's assets have been expanding faster than any other industry in the country, yet lending to the private sector has dropped to its lowest level. Nearly four months into the current fiscal year, net private-sector credit off-take remains negligible.

Banking experts attribute this stagnation to two key factors: banks' preference for investing in high-yield government securities, which offer assured returns, and the private sector's reluctance to borrow amid elevated interest rates and uncertain economic policies that continue to restrain growth.

The sector's net interest income (NII) improved by 6pc YoY but remained largely flat QoQ. The YoY rise was driven mainly by the United Bank Ltd, whose NII surged 78pc to Rs92bn, followed by the National Bank of Pakistan with 74pc growth to Rs61bn, and the Bank of Punjab with a 61pc increase to Rs23bn.

Excluding these three banks, the overall NII of the sector declined 10pc YoY. On a QoQ basis, most banks saw little change as gains in a few institutions were offset by declines in others. Some banks achieved modest QoQ growth due to higher business volumes and a favourable shift in deposit mix towards current accounts.

Non-interest income rose 13pc YoY and 1pc QoQ to Rs146bn in 3Q2025, supported by capital gains, fee income and stronger foreign-exchange revenues. Non-interest expenses, however, climbed 19pc YoY and 5pc QoQ to Rs329bn, largely due to higher remittance-related costs. Consequently, the sector's cost-to-income ratio rose to 47.9pc in 3Q2025 from 45.9pc in the previous quarter and 43.3pc a year earlier.

Commodities head for six-year low

World Bank sees prices falling 7pc in 2025 and 2026 as weak growth and oil surplus drag markets

By Amin Ahmed

ISLAMABAD: Global commodity prices are projected to fall to their lowest level in six years in 2026, marking the fourth consecutive year of decline, according to the 'Commodity Markets Outlook' published by the World Bank.

Prices are forecast to drop by seven per cent in both 2025 and 2026, driven by weak global economic growth, a growing oil surplus, and persistent policy uncertainty.

Falling energy prices are helping to ease global inflation, while lower rice and wheat prices have helped make food more affordable in some developing countries. Despite the recent declines, however, commodity prices remain above pre-pandemic levels, with prices in 2025 and 2026 projected to be 23pc and 14pc higher, respectively, than in 2019.

The global oil glut has expanded significantly in 2025 and is expected to rise next year to 65pc above the most recent high, in 2020. Oil demand is growing more slowly as demand for electric and hybrid vehicles grows and oil consumption stagnates in China.

Brent crude oil prices are forecast to fall from an average of $68 in 2025 to $60 in 2026 — a five-year low. Overall, energy prices are forecast to fall by 12pc in 2025 and a further 10pc in 2026.

Food prices are also easing, with declines of 6.1pc projected in 2025 and 0.3pc in 2026 soybean prices are falling in 2025 because of record production and trade tensions but are expected to stabilize over the next two years. Meanwhile, coffee and cocoa prices are forecast to fall in 2026 as supply conditions improve.

However, fertiliser prices are projected to surge 21pc in 2025, reflecting higher input costs and trade restrictions, before easing 5pc in 2026. These increases are likely to further erode farmers' profit margins and raise concerns about future crop yields.

Precious metals have reached record highs in 2025, fuelled by demand for safe-haven assets and continued central bank purchases. The price of gold — widely viewed as a safe haven during times of economic uncertainty — is expected to increase by 42pc in 2025.

It is projected to increase by a further 5pc next year, leaving gold prices at nearly double their 2015-2019 average. Silver prices are also expected to hit a record annual average in 2025, rising by 34pc and further 8pc in 2026.

Commodity prices could fall more than expected during the forecast horizon if global growth remains sluggish amid prolonged trade tensions and policy uncertainty. Greater-than-expected oil output from the Organisation of the Petroleum Exporting Countries (Opec) could deepen the oil glut and exert additional downward pressure on energy prices. Electric-vehicle sales, which are expected to increase sharply by 2030, could further depress oil demand.

Conversely, geopolitical tensions and conflicts could push oil prices higher and boost demand for safe-haven commodities such as gold and silver. In the case of oil, the market impact of additional sanctions could also lift prices above the baseline forecast.

Extreme weather from a stronger-than-expected La Nina cycle could disrupt agricultural output and increase electricity demand for heating and cooling, adding further pressure to food and energy prices. Meanwhile, the rapid expansion of artificial intelligence (AI) and growing electricity demand to power data centers could raise prices for energy and for base metals like aluminum and copper, which are essential for AI infrastructure.

Instead of using price-control schemes, the report recommends that countries foster more diverse and efficient production, invest in technology and innovation, improve data transparency, and promote market-based pricing to build long-term resilience to price volatility.

Global FDI slumps

ISLAMABAD: Global foreign direct investment (FDI) fell three per cent in the first half of 2025, extending a two-year slump , as trade tensions, high interest rates, and geopolitical uncertainty kept investors cautious, the UN Conference on Trade and Development said in its latest 'Global Investment Trends Monitor'.

The drop was driven by developed economies, where cross-border mergers and acquisitions (M&As) — which normally make up a large share of their FDI — fell 18pc to $173 billion.

Developing economies fared better overall, with flows remaining flat. But trends diverged by region. Inflows rose 12pc in Latin America and the Caribbean and 7pc in developing countries in Asia, but fell 42pc in Africa.

High borrowing costs and economic uncertainty continued to squeeze investment in industry and infrastructure in the first half of 2025.

Announcements of greenfield projects — when firms build new operations abroad — fell 17pc in number, driven by a 29pc decline in supply-chain-intensive manufacturing such as textiles, electronics and automotive, amid tariff uncertainty.

International project finance — critical for infrastructure development — also declined, with deal numbers down 11pc and value 8pc.

The trend was more positive in developing economies, where project finance deals fell only 2pc after two years of sharp declines. —Amin Ahmed

PSX slips in October on economic, geopolitical uncertainty

Index records first monthly fall of 2.3pc since February

By Muhammad Kashif

KARACHI: The Pakistan Stock Exchange (PSX) reversed course in October, with the KSE-100 index falling 2.33 per cent for the month, marking its first negative close since February.

Market analysts attributed the decline primarily to profit-taking by insurance companies and mutual funds after an extended rally. Weak corporate earnings in the September quarter further weighed on investor sentiment, signalling a cautious near-term outlook.

According to Topline Securities Ltd, investor participation increased on a month-on-month (MoM) basis, with average daily traded volume rising 90 per cent to 1.4bn shares and average daily value climbing 25pc to Rs52.7bn. Despite higher trading activity, net buying was largely from companies, totalling $9.2m, while mutual funds were the major sellers, offloading $15m during the period.

Arif Habib Ltd reported that, on a week-on-week (WoW) basis, the KSE-100 shed 1,672 points or 1.02pc. The index opened the week at 163,309 points, peaked at 163,571, and touched a low of 156,328 before closing at 161,632. Market volatility was attributed to a combination of border tensions with Afghanistan and fluctuating corporate earnings.

AKD Securities Ltd noted that the market recovered sharply in the last session of October, rebounding 4,900 points, driven by optimism following the ceasefire agreement between Pakistan and Afghanistan, brokered in Istanbul by Turkiye and Qatar.

Despite this, weekly average daily traded volumes fell 14.7pc to 1.564m shares, reflecting investor caution. The State Bank of Pakistan (SBP) maintained its policy rate at 11pc, in line with expectations, while external developments, including a marginal $16m increase in foreign exchange reserves to $14.5bn as of Oct 24. The SBP has projected reserves to rise to $17.8bn by June 2026.

On the economic front, Pakistan posted a current account surplus of $110m in September, reversing a $52m deficit in the same month last year. Foreign direct investment (FDI) reached $186m, slightly above August's $175m.

Remittances grew 11pc year-on-year (YoY) to $3.18bn, while car sales reported by PAMA surged 67pc YoY to 17,174 units. In fiscal developments, authorities assured the IMF of additional revenue measures Rs200bn if 1HFY26 tax targets fall short.

Government initiatives included the formation of eight working groups to boost exports and industrial output, a $1bn oil facility pledged by Saudi Arabia, and an agreement with the Afghan Taliban to continue the ceasefire. Meanwhile, the privatisation of Pakistan International Airlines (PIA) is scheduled to be completed by December.

Sector-wise, vanaspati, leasing companies, and property stocks outperformed, rising 14pc, 8.7pc, and 3.4pc week-on-week, respectively, while glass & ceramics, investment banks, and automobile parts declined by 14.6pc, 4.6pc, and 4.2pc. Company-level gainers included S.S. Oil Mills Ltd (22.4pc), National Bank (8.2pc), and Interloop Ltd (8.2pc), whereas laggards were led by Tariq Glass Industries (21pc) and Packages Ltd (15.8pc).

Looking ahead, AKD Securities anticipates continued momentum in the KSE-100, supported by the IMF's second review, minimal flood impact, improved global credit ratings, and lower fixed-income yields.

Analysts expect sentiment to benefit from potential foreign portfolio and direct investment flows, buoyed by improved ties with the US and Saudi Arabia. The KSE-100 currently trades at a multiple of 7.4x with a dividend yield of 6.6pc, offering comparatively attractive valuations amid limited alternative investment avenues.